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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, SEPTEMBER 22, 1999

APPLICATION OF

BLUESTAR NETWORKS OF VIRGINIA, INC.

CASE NO. PUC990106

For certificates of public
convenience and necessity to
provide local exchange and
interexchange telecommunications
services

FINAL ORDER

On June 4, 1999, BlueStar Networks of Virginia, Inc. ("BlueStar" or "the Company"), filed an application for certificates of public convenience and necessity ("certificate") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company also requested authority to price its interexchange services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia. Initially, the Company proposes to offer only data services and not voice-grade telecommunications services.

By Order dated June 22, 1999, the Commission directed the Company to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to BlueStar's application. On August 24,

1999, the Staff filed its report finding that BlueStar's application was in compliance with the Rules Governing the Offering of Competitive Local Exchange Telephone Service ("Local Rules"), as codified in 20 VAC 5-400-180 and the Rules Governing the Certification of Interexchange Carriers, as codified in 20 VAC 5-400-60.

Based upon its review of BlueStar's application and financial information supplied to it, the Staff determined it would be appropriate to grant an interexchange certificate and a local exchange certificate to BlueStar, conditioned upon the Company providing audited financial statements of its parent, BlueStar Properties, Inc., to the Staff within one (1) year of the effective date of its initial tariff in Virginia. Additionally, Staff requested BlueStar be required to retain any customer deposits it collects in a third-party escrow account and to comply with all requirements of § C of the Local Rules when it begins voice-grade service.

A hearing was conducted on September 7, 1999. BlueStar filed proof of publication and proof of service as required by the June 22, 1999, scheduling order. At the hearing, the application and accompanying attachments, and the Staff Report were entered into the record without objection.

Having considered the application and the Staff Report, the Commission finds that BlueStar should be granted certificates to

provide local exchange and interexchange telecommunications services upon the conditions recommended by the Staff. Having considered § 56-481.1, the Commission further finds that BlueStar may price its interexchange services competitively. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) BlueStar Networks of Virginia, Inc., is hereby granted a certificate of public convenience and necessity, No. TT-78A, to provide interexchange services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) BlueStar Networks of Virginia, Inc., is hereby granted a certificate of public convenience and necessity, No. T-460, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Offering of Competitive Local Exchange Telephone Service, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) BlueStar shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(4) Pursuant to § 56-481.1 of the Code of Virginia, BlueStar may price its interexchange services competitively.

(5) BlueStar shall retain any customer deposits it collects in an escrow account maintained by an unaffiliated third party until such time as the Staff or Commission determines it is no longer necessary.

(6) No later than one (1) year after the effective date of the tariff described in Paragraph (3) BlueStar shall submit one (1) copy of the audited financial statements of its parent company, BlueStar Properties, Inc., for the most recent annual period to the Commission's Division of Economics and Finance.

(7) When and if BlueStar undertakes to offer voice-grade telecommunications services to the public it shall comply with all requirements of § C of the Local Rules.

(8) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.